

RETURN

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EXTRACT from a Report of the Committee of the Honourable the Privy Council, approved by His Excellency on May 31, 1901.

On a report, dated May 27, 1901, from the Minister of Finance, submitting that the contract of the government with the American Bank Note Company of Ottawa, for engraving and printing Dominion notes, postage stamps and inland revenue stamps, will expire on the first day of October, in the year one thousand nine hundred and two. It is expedient that timely arrangements be made for carrying on the work after that date, so that there may be no delay in the furnishing of the supplies required in the several departments.

The minister states that the work is of an exceptional character, requiring a combination of special skill and capital such as are possessed by but few persons, and consequently the competition must under any circumstances be very limited. When tenders were invited for the work in 1896 only two tenders were received, one from the contractors who were then performing the work, and the other from the American Bank Note Company, whose tender, being the lowest, was accepted.

The minister observes that apart from these two concerns, there is no establishment in Canada possessing the facilities for doing the work, and the undersigned has no reason to believe that any other parties are contemplating engaging in the business. It is therefore highly probable that if tenders were now invited there would be no competition outside of the two parties referred to. As the transactions of the former contractors with the government were not satisfactory, it is not deemed expedient to invite proposals from them.

The minister is of opinion that it will be in the public interest to make arrangements for continuing the work with the present contractors, if such arrangements can be made upon terms that will guarantee the performance of the work at fair and reasonable prices.

The minister therefore recommends that the American Bank Note Company be asked to submit an offer for continuing the work, as under the present contract, for a further period of five years.

The minister further recommends that upon the receipt of the offer of the company it be referred to Mr. J. M. Courtney, Deputy Minister of Finance; Dr. S. E. Dawson, King's Printer, and a bank manager to be named by the Minister of Finance; that these gentlemen be asked to report to the Minister of Finance their judgment as to the reasonableness of the prices proposed by said company, and that thereupon the proposal of the company with the report of the gentlemen above mentioned be submitted to His Excellency in Council for further consideration and such action as may be deemed proper.

The committee submit the same for His Excellency's approval.

JOHN J. McGEE,
Clerk of the Privy Council.

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OTTAWA, May 31, 1901.

GEORGE BURN, Esq.,
General Manager,
Bank of Ottawa,
Ottawa.

I am asking the American Bank Note Company to make a proposal respecting the engraving and printing of notes, &c., for the government, and I wish to have it examined and reported upon by gentlemen familiar with the value of that class of work.

I shall be obliged if you will kindly consent to join Mr. J. M. Courtney, C.M.G., Deputy Minister of Finance, and Dr. S. E. Dawson, King's Printer, in considering and reporting on the proposal in question. I do not think the business will make any considerable demands on your time.

W. S. FIELDING,
Minister of Finance.

OTTAWA, May 31, 1901.

The American Bank Note Co.,
Ottawa.

Referring to the conversation I have had with your Mr. Green respecting your contract with the government for engraving and printing Dominion notes, postal and inland revenue stamps, &c., I shall be glad to have from you the best proposal you can make us for a continuance of this contract for a period of five years from the time at which the present contract is to expire.

W. S. FIELDING,
Minister of Finance.

AMERICAN BANK NOTE COMPANY,
OTTAWA, June 1, 1901.

Hon. W. S. FIELDING,
Minister of Finance,
Ottawa.

In reply to your favour of the 31st instant regarding the engraving and printing of Dominion notes, postal and inland revenue stamps, and so forth, I beg to say that this company will continue the same rates as set forth under the present contract for a period of five years dating from the expiration of the present contract. It is understood that this is to cover all supplies as called for under the present contract and such new work of a similar character as may be required from time to time during the life of the contract.

While we presume the quantities ordered in the future will be materially increased, this will be more than offset by the increase in the prices of labour and material.

The introduction of later improvements in the manufacture of our notes will necessitate our building and installing much special machinery and the enlargement of our premises.

Should you desire the latest character of work for your notes, and which, in our opinion, offers the greatest protection against counterfeiting, it would necessitate a slight change in the wording of the contract, as the present contract calls specifically for three steel plate printings upon each note, whereas under the new method there would be two steel plate printings and two multi-colour printings.

While this is covered to a certain extent by a clause in the present contract, which entitles you to any improvements in the art, I think it best to call attention to it so that it may be kept in mind and provided for in the new contract.

You understand that although it costs us more to manufacture the notes by this new process, it rests entirely with you whether we should continue the manufacture of the old notes, or give you these later improvements without any increased cost to you.

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While not making it a condition of our offer, we should like permission to execute in our present premises bonds, stock certificates, cheques, drafts and other securities. I do not mean the permission to do a general commercial business, but to be able to furnish the banks and other financial institutions of Canada with *securities* of different kinds. This would in no way interfere with the execution of the government work or detract from its security, and would enable us to satisfy the needs of our customers.

WARREN L. GREEN,
2nd Vice President.

THE BANK OF OTTAWA,
HEAD OFFICE, OTTAWA, June 4, 1901.

The Honourable W. S. FIELDING,
Minister of Finance,
Ottawa.

I have pleasure in complying with the request in your letter of the 31st ultimo, intimating at the same time that my experience with the subject mentioned in your letter, regarding which you ask me to express an opinion, has been limited to the printing of bank notes, our other work being more of a lithographic nature.

GEO. BURN,
General Manager.

FINANCE DEPARTMENT,
OTTAWA, July 6, 1901.

To the Honourable
The Minister of Finance,
Ottawa.

The undersigned, J. M. Courtney, Deputy Minister of Finance, S. E. Dawson, King's Printer, and George Burn, General Manager of the Bank of Ottawa, to whom was referred, under the authority of Order in Council, dated May 31, 1901, the offer of The American Bank Note Company for the continuance of their contract for a further period of five years, to report as to the reasonableness of the prices proposed by the said company, have the honour to report as follows:—

That hereto annexed is a copy of a letter from the said company, under date of the 1st ultimo, from which it will be seen that the company offers to continue the engraving and printing of Dominion notes, postal and inland revenue stamps, &c., at rates as set forth under the present contract for a period of five years, dating from the expiration of the present contract, it being understood that this is to cover all supplies as called for under the present contract and such new work of a similar character as may be required from time to time during the life of the contract.

The undersigned find that the present price for Dominion notes is \$65.03 per thousand sheets on an issue of 55,000 from each plate for the \$1, \$2 and \$4 notes, the ones most in use, and that this price is much lower than the price for similar work per thousand under the contract with the previous contractors, and in view of this and of the fact that increases have taken place in the prices of labour and material, the undersigned think that the prices asked for by the company are reasonable. The undersigned are of opinion that in renewing the contract, provision should be made so as to allow of the use of multi-colour printings if decided upon, as they think this process of manufacture would be an improvement on the present system in the way of greater security. As the use of patent green has been entirely abandoned, it is a matter for consideration by the government whether in case of a revision of the schedules or of the contract, all provisions relating to patent green might not be eliminated.

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With reference to the postal supplies, they are of opinion that the prices for such supplies under the present contract are reasonable, and see no reason to recommend that any change should be made. Since the contract was entered into, the following new issues have been supplied by the contractors, they furnishing the paper, viz.:—

Special delivery stamps at 20c. per thousand, and 2c. stamp books at \$7.50 per thousand.

It would be well for these to be included in the schedule to the new contract. The stamped envelopes are not supplied by the contractors but by the King's Printer, and there seems to be no reason for any change in this regard. The postal notes are supplied by the company, but under a special contract which has several years to run, and in regard to them the undersigned think no change should be made.

With regard to the inland revenue supplies the following stamps have been added, the contractors supplying the paper:—

Cigarette, 6 and 7 square, 16c. per thousand, being the same price as the 10 and 20 square under the contract.

Tobacco, $\frac{1}{15}$, $\frac{1}{14}$, $\frac{1}{13}$ and $\frac{1}{11}$ strip, 85½c. per thousand, the same as the $\frac{1}{12}$, $\frac{1}{10}$, $\frac{1}{9}$, $\frac{1}{8}$, $\frac{1}{7}$ and $\frac{1}{6}$ strip under the contract.

Tobacco $\frac{1}{3}$ strip, \$1.53 per thousand, being the same as the $\frac{1}{4}$ strip under the contract.

The prices appear to be reasonable. The only change that the Deputy Minister of Inland Revenue recommends is that the prices for the first 5,500 stamps (or as the case may be) in certain cases, cigar 6, cigar 200, cheroot 500 stamp, cut chewing tobacco 5 lbs. and 10 lbs. strip, snuff over 40 per cent, 5 lbs. strip, snuff not more than 40 per cent, 5 and 10 lbs. strip, law, gas, weights and measures and electric light inspection, should be omitted in the schedule to the new contract, and the prices for these stamps should be the lower rates named in each of these for stamps in excess of the named quantities.

The undersigned are further of the opinion that the permission asked for by the company to execute in their present premises bonds, stock certificates, drafts and other securities might be given them without impairing the security of the work under the contract with the government.

J. M. COURTNEY.

S. E. DAWSON.

GEO. BURN.

EXTRACT from a Report of the Committee of the Honourable the Privy Council, approved by His Excellency on September 28, 1901.

On a report, dated September 23, 1901, from the Minister of Finance, submitting that under date May 31, 1901, an Order in Council was passed approving the following recommendations in regard to the continuation of the contract now existing between the government and the American Bank Note Company for engraving and printing Dominion notes, postage stamps and inland revenue stamps, viz.:—

1st. That the company above named be asked to submit an offer for continuing the work as under the present contract for a further period of five years.

2nd. That upon receipt of the offer of the company it be referred to Mr. J. M. Courtney, Deputy Minister of Finance, Dr. S. E. Dawson, King's Printer, and a bank manager to be named by the Minister of Finance, and that these gentlemen be asked to report to the Minister of Finance their judgment as to the reasonableness of the prices proposed by said company, and that thereupon the proposal of the company, with the report of the gentlemen above mentioned, be submitted to His Excellency in Council for further consideration and such action as may be deemed proper.

The minister states that in accordance with the provisions of such Order in Council he asked the company above named for the best proposal it could make for a continuance of the contract for a period of five years from the time at which the present contract will expire, and in reply thereto he received from the 2nd vice president of the company the

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offer, dated June 1, 1901, a copy of which is annexed, from which it will be seen that the company offers to continue the engraving and printing of Dominion notes, postal and inland revenue stamps, &c., at rates as set forth under the present contract for a period of five years dating from the expiration of the present contract, it being understood that this is to cover all supplies as called for under the present contract, and such new work of a similar character as may be required from time to time during the life of the contract.

The minister further states that the offer of the company was referred to Mr. Courtney, Dr. Dawson and Mr. George Burn, General Manager of the Bank of Ottawa, and annexed hereto is a copy of the report of these gentlemen, dated July 6, 1901, from which it appears that in their opinion the prices now charged by the company under the existing contract are reasonable.

The minister, therefore, recommends that the offer of the American Bank Note Company be accepted, and that he be authorized to execute on behalf of the government a contract with the company for the performance of the work now done by the company for the government for a period of five years from October 1, 1902, the date of the expiration of the present contract, and that he be authorized to embody in the new contract, should he so deem it advisable, the changes, alterations and additions thereto, suggested in the report of Messrs. Courtney, Dawson and Burn.

The committee submit the same for His Excellency's approval.

JOHN J. McGEE,

Clerk of the Privy Council.

AMERICAN BANK NOTE COMPANY,

224 WELLINGTON STREET,

OTTAWA, October 24, 1901.

Hon. W. S. FIELDING,

Minister of Finance,
Ottawa.

Referring to our proposal for a continuance of the present contract and our request to be permitted to do certain work other than government work, I would respectfully ask that this be granted by striking out any mention of restriction, thus placing us on the same footing as all former contractors. Or, should you deem this not expedient, give us the permission to furnish bank notes, bonds, certificates of stock, cheques, drafts and other papers required by financial institutions and corporations of Canada. If we were restricted to financial institutions alone, it would mean having to decline to furnish railroad companies and other corporations with their needed securities, which, of course, is not the spirit of our request.

WARREN L. GREEN,

2nd Vice President.

COPY INDENTURE.

This indenture, made in duplicate this fifth day of November, in the year of our Lord one thousand nine hundred and one, by and between The American Bank Note Company, hereinafter referred to as 'the contractors,' of the one part, and His Majesty King Edward the Seventh, herein represented by the Honourable William Stevens Fielding, His Majesty's Minister of Finance and Receiver General of the Dominion of Canada, of the other part.

Witnesseth :—

Whereas by a certain indenture, hereinafter referred to as 'the existing contract,' made on the ninth day of March, in the year of our Lord one thousand eight hundred and ninety-seven, by and between the contractors, of the one part, and Her Majesty Queen Victoria, therein represented by the said Honourable William Stevens Fielding,

Her Majesty's Minister of Finance and Receiver General of the Dominion of Canada, of the other part, the contractors did for and in consideration of the covenants and agreements on the part of Her Majesty therein set forth, covenant and agree with Her Majesty to engrave, print, finish and deliver to Her Majesty as and when the same might be required, in the manner and upon the terms and conditions and for the rates and prices in said indenture mentioned and set forth, Dominion notes, postage stamps, post and letter cards and post bands, and certain inland revenue stamps, which indenture was to come into force and effect on the first day of July, in the year of our Lord one thousand eight hundred and ninety-seven, and was to continue in force for a fixed term of five years and three months from the day last mentioned ;

And whereas it has been agreed by and between the parties hereto that the existing contract shall at the expiration of the said fixed period named therein be extended and continued in force for a further period of five years, as hereinafter provided :—

Now, therefore, this indenture witnesseth, and it is hereby mutually covenanted, agreed and understood by and between the parties hereto that the said the existing contract shall, subject to provision for payment of orders given thereunder being made from time to time by the Parliament of Canada, be and the same is hereby continued in force for a period of five years from the date of the termination of the fixed period therein mentioned, that is to say, for a period of five years from the first day of October, in the year of our Lord one thousand nine hundred and two, upon the same terms and conditions and subject to the same provisions for determination thereof, at or after the expiration of such extended period, or at any time during the continuance thereof, as are set forth and contained in the existing contract, save and except as such terms and conditions are modified, changed or extended as hereinafter provided, that is to say :—

1st. The contractors may, in addition to the work of engraving and preparing bank notes for the several chartered banks of Canada in the building or buildings in which the work for the Government of Canada is done as provided in the existing contract, execute and prepare in such building or buildings all such bonds, certificates of stock, cheques, drafts and other securities, as may be required by banks or by corporations or by financial institutions in Canada, but nothing herein shall give the contractors power or liberty to carry on in the said building or buildings a general engraving or printing business, or any business other than the classes of business above particularly described and the work for the Government of Canada.

2nd. The contractors agree, if so required by the Minister of Finance and Receiver General of Canada, to use in connection with the work to be done for the Government of Canada, but without any increase in the price or prices for such work, the process of multi-colour printing, and any other process, whether a steel plate process or not, which in the opinion of the said Minister of Finance and Receiver General would give to the work done for the said government greater security and protection against fraud or counterfeiting.

3rd. The provision in the existing contract that on the termination thereof the contractors will deliver to the Minister of Finance of Canada all dies, rolls, plates and other pieces used in the government work either cancelled or not as the Minister of Finance for the time being may direct, is hereby modified and changed in regard to such extended contract so as to provide that such dies, rolls, plates and other pieces shall, on the termination of such extended contract, be delivered to the said Minister of Finance for the time being by the contractors in all cases cancelled.

4th. Schedule B of the existing contract is hereby amended by adding thereto the following stamps and stamp books, the prices being those now agreed upon and at which the work is now being done by the contractors under the existing contract, the contractors in both cases supplying the paper, namely:—

Special delivery stamps, twenty cents per thousand stamps ;

Two cent stamp books, seven dollars and fifty cents per thousand books.

5th. Schedule C of the existing contract is hereby amended by adding thereto the following stamps, the prices named being those now agreed upon and at which the work is now being done by the contractors under the existing contract, the contractors in all cases named supplying the paper, namely:—

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Cigarette stamps, six and seven square, sixteen cents per thousand stamps.

Tobacco stamps, one-fifteenth, one-fourteenth, one-thirteenth and one-eleventh strip, eighty-five and one-half cents per thousand stamps.

Tobacco stamps, one-third strip, one dollar and fifty-three cents per thousand stamps.

In witness whereof the contractors have hereunto set their corporate seal and caused these presents to be signed by their president, secretary and treasurer, and the Honourable William Stevens Fielding hath, as Minister of Finance and Receiver General of Canada, hereunto set his hand and seal, the day and year first hereinbefore written.

The corporate seal of The American Bank Note Company was hereunto affixed and these presents signed by the president, secretary and treasurer of the said company in the presence of

R. B. VALENTINE,

Notary Public, King's Co.

Certificate filed in New York County.

AMERICAN BANK NOTE CO.

A. D. SHEPHARD, President.

JNO. E. CURRIER, Secretary.

T. H. FREELAND, Treasurer.

Signed, sealed and delivered by the Honourable William Stevens Fielding, Minister of Finance and Receiver General of Canada, in the presence of

C. W. TREADWELL,

Notary Public, Ontario.

W. S. FIELDING.

FINANCE DEPARTMENT,

OTTAWA, CANADA, November 20, 1901.

The Manager,

The American Bank Note Co.,

Ottawa.

Referring to previous correspondence with reference to the extension for a further period of five years from October 1, 1902, of the contract now existing between your company and the Government of Canada for the engraving, &c., of Dominion notes and postal and inland revenue stamps, &c., and to the indenture for this purpose submitted to your company for approval, and which was returned to me some days ago executed by your company, I have the honour to state that Hon. Mr. Fielding this day executed the same in duplicate, and I have, by his direction, the honour to hand you herewith one of the indentures so executed by him, the other one—the one executed by your company—being retained in this department.

J. M. COURTNEY,

Deputy Minister of Finance.

AMERICAN BANK NOTE COMPANY,

224 WELLINGTON STREET,

OTTAWA, November 21, 1901.

J. M. COURTNEY, Esq.,

Deputy Minister of Finance,

Ottawa.

I have the honour to own receipt of your favour of the 20th noting the correspondence relative to the extension of a contract between the Dominion of Canada and this company from October 1, 1902.

To-day we received in your letter above noted a duplicate of said indenture executed by Hon. William S. Fielding, Minister of Finance.

J. K. MYERS,

Resident Manager.

